

HOUSE BILL NO. 8

INTRODUCED BY D. KASTEN, WINDY BOY

BY REQUEST OF THE OFFICE OF BUDGET AND PROGRAM PLANNING

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5 A BILL FOR AN ACT ENTITLED: "AN ACT APPROVING RENEWABLE RESOURCE PROJECTS AND
6 REGIONAL WATER PROJECTS AND AUTHORIZING LOANS; REAUTHORIZING RENEWABLE RESOURCE
7 PROJECTS AUTHORIZED BY THE 59TH LEGISLATURE; APPROPRIATING MONEY TO THE DEPARTMENT
8 OF NATURAL RESOURCES AND CONSERVATION FOR LOANS UNDER THE RENEWABLE RESOURCE
9 GRANT AND LOAN PROGRAM; AUTHORIZING REGIONAL WATER PROJECTS AND PROVIDING AN
10 APPROPRIATION FOR THE PROJECTS; AUTHORIZING THE ISSUANCE OF COAL SEVERANCE TAX
11 BONDS; AUTHORIZING THE CREATION OF A STATE DEBT AND APPROPRIATING COAL SEVERANCE
12 TAXES FOR DEBT SERVICE; PLACING CERTAIN CONDITIONS UPON LOANS; STATUTORILY
13 ESTABLISHING AN APPLICATION FEE FOR A GRANT OR LOAN; AMENDING SECTION 85-1-608, MCA; AND
14 PROVIDING AN EFFECTIVE DATE."

15
16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17
18 NEW SECTION. **Section 1. Approval of renewable resource projects and authorization to provide**
19 **loans.** (1) The legislature finds that the renewable resource projects listed in this section meet the provisions of
20 17-5-702. The department of natural resources and conservation is authorized to make loans to the political
21 subdivisions of state government and local governments listed in subsections (2) ~~and (3)~~ THROUGH (5) in amounts
22 not to exceed the loan amounts listed for each project from the proceeds of the bonds authorized in [section 3].

23 (2) The interest rate for the projects in this group is 4.5% or the rate at which the state bonds are sold,
24 whichever is lower, for up to 20 years.

25 Loan	Amount
26 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	
27 Ackley Lake Dam Rehabilitation	\$200,000
28 East Fork Siphon Replacement and Main Canal Lining Project	\$400,000
29 Smith Creek Canal Seepage Abatement and Rehabilitation Project	\$50,000

30 (3) The interest rate for the loans in this group is 3% ~~or the rate at which the state bonds are sold,~~

1 ~~whichever is lower~~, for up to 20 years. These loans will be made to governmental entities to refinance
 2 outstanding debt on or rehabilitation of either their water or wastewater facilities.

3 Loan Amount

4 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

5 Refinance Existing Debt or Rehabilitation of Existing Water or Wastewater Facilities \$3,000,000

6 (4) THE INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 4.5% OR THE RATE AT WHICH THE STATE BONDS
 7 ARE SOLD, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.

8 LOAN AMOUNT

9 SUNSET IRRIGATION DISTRICT

10 GRAVITY FLOW IRRIGATION PIPELINES \$1,465,266

11 (5) THE INTEREST RATE FOR THE PROJECT IN THIS GROUP IS 3% OR THE RATE AT WHICH THE STATE BONDS ARE
 12 SOLD, WHICHEVER IS LOWER, FOR UP TO 30 YEARS.

13 LOAN AMOUNT

14 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

15 EAST FORK SIPHON REPLACEMENT AND MAIN CANAL LINING PROJECT \$400,000

16
 17 NEW SECTION. Section 2. Projects not completing requirements -- projects reauthorized. (1) The
 18 legislature finds that the renewable resource projects in subsection (2) that were approved by the 59th legislature
 19 in Chapter 309, Laws of 2005, may not complete the requirements necessary to obtain the loan funds prior to
 20 June 30, 2007. The projects described in this section are reauthorized. The department of natural resources and
 21 conservation is authorized to make loans to the state government agency and local government entity listed in
 22 subsection (2) in amounts not to exceed the loan amounts listed for each project from the proceeds of the bonds
 23 authorized in [section 3].

24 (2) The interest rate for the projects in this group is 4.5% or the rate at which the state bonds are sold,
 25 whichever is lower, for up to 20 years.

26 Loan Amount

27 MILL CREEK IRRIGATION DISTRICT

28 Mill Lake Dam Rehabilitation \$572,000

29 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

30 Martinsdale Dam Riprap Project \$90,000



1
 2 **NEW SECTION. Section 3. Coal severance tax bonds authorized.** (1) The legislature finds that Title
 3 17, chapter 5, part 7, provides for the issuance of coal severance tax bonds for financing specific approved
 4 renewable resource projects as part of the state renewable resource grant and loan program. Available funds
 5 from previous sales of coal severance tax bonds, plus any additional principal amount on bonds as may be
 6 necessary, pursuant to the conditions in 85-1-605, to fund emergency loans, as authorized and approved in
 7 accordance with 85-1-605(4), may also be used for the projects approved in [sections 1 through 7 8]. The board
 8 of examiners is authorized to issue coal severance tax bonds in an amount not to exceed ~~\$7,541,269~~
 9 ~~\$26,279,448~~, of which ~~\$4,312,000~~ \$5,777,266 is to be used to finance the projects approved in [sections 1 and
 10 2], ~~\$2,543,699~~ \$2,658,596 is to be used to finance additional loans in lieu of grants listed in House Bill No. 6
 11 ~~[LC0124]~~, \$15.4 MILLION IS TO BE USED TO FINANCE THE STATE SHARE OF CONSTRUCTION EXPENSES OF REGIONAL
 12 WATER PROJECTS, and up to ~~\$685,570~~ \$2,443,586 is to be used to establish a reserve for the bonds. Proceeds
 13 of the bonds are appropriated to the department of natural resources and conservation for financing the projects
 14 identified in [sections 1 and 2] and may be used as authorized in 85-1-605(4). PROCEEDS OF THE BONDS MAY ALSO
 15 BE USED TO PAY THE COSTS OF ISSUANCE OF THE BONDS. Loans made under 85-1-605(4) must bear interest at the
 16 rate borne by the state bonds unless the legislature in a subsequent session provides for a lower interest rate,
 17 in which case the rate must be reduced to the rate specified by the legislature.

18 (2) In connection with the issuance of coal severance tax bonds, the board of examiners may pay the
 19 principal and interest on the bonds when due from the debt service account and in all other respects manage and
 20 use the funds within each special bond account for the benefit of the bonds. The board of examiners shall
 21 exercise its discretion to enhance the marketability of the bonds and to secure the most advantageous financial
 22 arrangements for the state.

23 (3) Earnings on bond proceeds prior to the completion of any loan must be allocated to the debt service
 24 account to pay the debt service on the bonds during this period. Earnings in excess of debt service, if any, must
 25 be allocated to the renewable resource grant and loan program state special revenue account.

26 (4) Loan repayments from loans financed with coal severance tax bonds are pledged, dedicated, and
 27 appropriated to the debt service account in the state treasury for the benefit of bonds approved for loans under
 28 this section.

29
 30 **NEW SECTION. Section 4. Conditions of loans.** (1) Disbursement of funds under [sections 1 through

1 7 6 AND 8] for loans is subject to the following conditions that must be met by project sponsors:

2 (a) approval of a scope of work and budget for the project by the department of natural resources and
3 conservation. Reductions in a scope of work or budget may not affect priority activities or improvements.

4 (b) documented commitment of other funds required for project completion;

5 (c) satisfactory completion of conditions described in the recommendations section of the project
6 narrative in the renewable resource grant and loan program project evaluations and recommendations report for
7 the biennium;

8 (d) execution of a loan agreement with the department; and

9 (e) accomplishment of other specific requirements considered necessary by the department to
10 accomplish the purpose of the loan as evidenced from the application to the department or from the proposal to
11 the legislature.

12 (2) Each sponsor authorized for a loan from coal severance tax bond proceeds may be required to pay
13 to the department a pro rata share of the bond issuance costs and the administrative costs incurred by the
14 department to complete the loan transaction.

15
16 **NEW SECTION. Section 5. Private and discount purchase of loans.** Loans to political subdivisions
17 and local government entities and bonds, warrants, and notes issued in evidence of the loans may be made,
18 purchased by, and sold to the department of natural resources and conservation at a discount and at a private
19 negotiated sale, notwithstanding the provisions of any other law applicable to political subdivisions or local
20 government entities.

21
22 **NEW SECTION. Section 6. Appropriation established.** For any entity of state government that
23 receives a loan under [sections 1 through 7 6 AND 8], an appropriation is established for the amount of the loan
24 upon award of the loan by the department of natural resources and conservation.

25
26 **NEW SECTION. SECTION 7. REGIONAL WATER PROJECTS -- CONDITIONS OF LOANS -- APPROPRIATION**
27 **ESTABLISHED. (1) THE REGIONAL WATER PROJECTS TO BE FUNDED WITH PROCEEDS OF THE BONDS AUTHORIZED IN**
28 **[SECTION 3] ARE PROJECTS FOR THE CONSTRUCTION, EXPANSION, OR IMPROVEMENT OF REGIONAL WATER SYSTEMS**
29 **ELIGIBLE TO RECEIVE FUNDING UNDER 90-6-715 TO THE EXTENT DETERMINED BY THE DEPARTMENT OF NATURAL**
30 **RESOURCES AND CONSERVATION.**

1 (2) DISBURSEMENT OF PROCEEDS OF THE BONDS IS AUTHORIZED IN [SECTION 3] TO PAY CONSTRUCTION
 2 EXPENSES FOR AN ELIGIBLE REGIONAL WATER PROJECT SUBJECT TO THE FOLLOWING CONDITIONS, WHICH MUST BE MET
 3 BY THE REGIONAL WATER AUTHORITY OR OTHER GOVERNMENTAL ENTITY OWNING THE REGIONAL WATER SYSTEM:

4 (A) APPROVAL OF A SCOPE OF WORK AND BUDGET FOR THE PROJECT BY THE DEPARTMENT OF NATURAL
 5 RESOURCES AND CONSERVATION. REDUCTIONS IN A SCOPE OF WORK OR BUDGET MAY NOT AFFECT PRIORITY ACTIVITIES
 6 OR IMPROVEMENTS.

7 (B) DOCUMENTED COMMITMENT OF OTHER FUNDS REQUIRED FOR PROJECT COMPLETION.

8 (3) AN APPROPRIATION IS ESTABLISHED FOR THE AMOUNT AWARDED TO A REGIONAL WATER PROJECT FUNDED
 9 PURSUANT TO THIS SECTION.

10
 11 NEW SECTION. Section 8. Creation of state debt -- appropriation of coal severance tax -- bonding
 12 **provisions.** (1) Because [section 3] authorizes the creation of a state debt, a vote of two-thirds of the members
 13 of each house is required for enactment of [section 3].

14 (2) The legislature, through the enactment of [sections 1 through 7 8] by a vote of three-fourths of the
 15 members of each house of the legislature, as required by Article IX, section 5, of the Montana constitution,
 16 pledges, dedicates, and appropriates from the coal severance tax bond fund all money necessary for the payment
 17 of principal and interest not otherwise provided for on the coal severance tax bonds authorized by [section 3] to
 18 be issued pursuant to Title 17, chapter 5, part 7, and pursuant to the provisions of [sections 1 through 7 8] and
 19 the general resolution for this bond program that has been adopted by the board of examiners under the authority
 20 provided in Title 17, chapter 5, part 7.

21 (3) THE LEGISLATURE DOES NOT PLEDGE ANY REVENUE, ASSETS, OR MONEY FROM ANY REGIONAL WATER
 22 PROJECT FUNDED BY THE COAL SEVERANCE TAX BONDS AUTHORIZED IN THIS SECTION [SECTION 3] OR FROM ANY OTHER
 23 SOURCE TO PAY DEBT SERVICE ON THE BONDS, OTHER THAN THE COAL SEVERANCE TAX BOND FUND. THE LEGISLATURE
 24 MAY AT ITS DISCRETION APPROPRIATE TO THE PAYMENT OF PRINCIPAL AND INTEREST ON THE BONDS AUTHORIZED IN THIS
 25 SECTION [SECTION 3] FOR REGIONAL WATER PROJECTS PAYABLE IN A FISCAL YEAR ANY AVAILABLE FUNDS IN THE
 26 TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT ESTABLISHED IN 90-6-715.
 27 SUBJECT TO THE LIMITATIONS IN 90-6-715, FUNDS IN THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM
 28 SPECIAL REVENUE ACCOUNT ARE SUBJECT TO APPROPRIATION FOR OTHER PURPOSES BY THE LEGISLATURE AND ARE NOT
 29 RESERVED TO PAY DEBT SERVICE ON THE BONDS AUTHORIZED IN THIS SECTION [SECTION 3] FOR REGIONAL WATER
 30 PROJECTS.

1

2 ~~SECTION 9. SECTION 85-1-608, MCA, IS AMENDED TO READ:~~

3 ~~"85-1-608. Applications for grants and loans to private persons. (1) A private person may apply for~~

4 ~~a grant or loan to finance a water-related project to be constructed, developed, and operated in Montana.~~

5 ~~(2) An application for a loan or grant must be in the form prescribed by rule and contain or be~~

6 ~~accompanied by any information necessary to adequately describe the proposed project and necessary for~~

7 ~~evaluation of the proposed project under the criteria set out in 85-1-609 and 85-1-610. An application must be~~

8 ~~accompanied by a fee of \$275. The fee must be deposited in the renewable resource grant and loan program~~

9 ~~state special revenue account established in 85-1-604."~~

10

11 ~~NEW SECTION. SECTION 10. CONTINGENT VOIDNESS. IF HOUSE BILL NO. 805, HOUSE BILL NO. 806, HOUSE~~

12 ~~BILL NO. 807, HOUSE BILL NO. 808, HOUSE BILL NO. 809, HOUSE BILL NO. 818, HOUSE BILL NO. 819, AND HOUSE BILL~~

13 ~~NO. 820 ARE NOT PASSED AND APPROVED, THEN [THIS ACT] IS VOID.~~

14

15 NEW SECTION. Section 9. Severability. If a part of [this act] is invalid, all valid parts that are severable

16 from the invalid part remain in effect. If a part of [this act] is invalid in one or more of its applications, the part

17 remains in effect in all valid applications that are severable from the invalid applications.

18

19 NEW SECTION. Section 10. Effective date. [This act] is effective July 1, 2007.

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